
DEVELOPMENT & BUSINESS SERVICES

2020 ANNUAL REPORT



Development & Business Services Mission:

Through outstanding public service, proactive planning, and strong partnerships, we foster development of a vibrant community where people and businesses thrive.

INTRODUCTION

The Development and Business Services (DBS) department was established by the City Council with the adoption of Ordinance No. 3381 on December 14, 2020. DBS was formed by consolidating the functions previously undertaken by the following departments:

- Community Development (Administration, Planning, Permitting and Inspections)
- Office of Economic Development (Economic Development and Tourism)
- Public Works (Development Engineering)
- Fire Marshal's Office (South Snohomish County Fire)

The reorganization is the outcome of an efficiency study prepared by Strategica, Inc. This effort was initiated in August 2019 and completed in March 2020. Strategica assessed and made recommendations regarding process review and improvements, organizational structure, and customer service. DBS was created to implement these recommendations.

DBS is comprised of four divisions:

- Community Planning
- Economic Development
- Permits and Inspections
- Administration

DBS responsibilities are focused on the orderly growth and development of our community. This involves many activities, including: long-range planning and policy, land use review and approvals, permitting and inspection, business licenses, code enforcement, City Center implementation, light rail coordination, business recruitment and expansion, and tourism.

DBS staff participated in a collaborative effort to prepare a Mission Statement and to establish strategic priorities that are fundamental to community vitality, sustainability, and resiliency. The DBS Mission Statement and Strategic Goals guide DBS in serving our community and working with other City departments and partners to implement Lynnwood's Community Vision and the priorities of the Lynnwood 2018-2022 Strategic Plan.

DBS Mission:

Through outstanding public service, proactive planning, and strong partnerships, we foster development of a vibrant community where people and businesses thrive.

DEVELOPMENT & BUSINESS SERVICES STRATEGIC PLAN GOALS:

1. Create a positive service culture for applicants.
2. Build systems, processes and codes to work smarter and more efficient.
3. Develop staff expertise and a culture to address Lynnwood's future growth.
4. Enhance quality of life through implementing the Lynnwood Comprehensive Plan.
5. Attract businesses and development partner to success in Lynnwood.



ORGANIZATIONAL AND PROCESS IMPROVEMENTS

PROCESS REVIEW AND IMPROVEMENT PROJECT

The City of Lynnwood has undertaken efficiency studies of various city departments. This effort supported Council's directive to advance Budgeting for Outcomes (BFO) and to provide operational efficiencies. Lynnwood contracted with Strategica, Inc. to conduct an efficiency study of process review for services provided by DBS. The report was initiated in August 2019 and completed in March 2020. Presentation of the report to Council was delayed due to the COVID-19 emergency. On July 6, 2020 Strategica, Inc., presented the report's findings and recommendations to City Council.

DEVELOPMENT AGREEMENT CODE AMENDMENT

DBS led an effort to revise the Lynnwood Municipal Code to allow the use of Development Agreements throughout Lynnwood, with the exception of single-family zones. This amendment extends flexibility once only offered in the City Center and Regional Growth Center to developments Citywide. Staff anticipates these changes will have a positive impact, specifically on affordable housing developments, throughout the City.

BINDING SITE PLAN CODE AMENDMENT

Changes were made to the Binding Site Plan code to respond to development realities and constraints presented by previous code language. Amendments allow for the phasing of Binding Site Plans for projects with extended timelines approved by Development Agreements. The amendment also split the Binding Site Plan fee between the preliminary and final project phases to reflect this change and allow for long-term project phasing.

PERMIT SOFTWARE

Strategica identified that the DBS permit software system is the backbone of the organization. Their recommendation was to either rebuild or replace the existing system to provide the required functionality. Concurrent with the efficiency study the City issued a Request for Proposals (RFP) to address this recommendation. In 2020, the City received responses to the RFP and initiated evaluation of proposals for permit software system.

THIRD PARTY PLAN REVIEW SERVICES

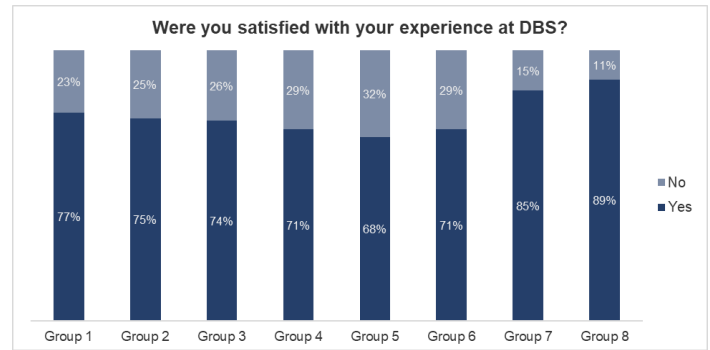
Third party services are beneficial when used to provide expertise not available by City staff or to supplement resources to address increased permit demand. The City had become dependent on third party services to address routine operations. In 2020, DBS focused on plan review by City staff to address routine plan review services resulting in shorter plan review times and significant cost savings.

FUTURE STATE MAP

DBS held two Kaizen events to create a Future State Map for DBS permit application intake and the review process. This Future State Map identifies process goals and provides guidance for ongoing process improvements. DBS continues to make progress towards implementing the Future State Map.

CUSTOMER SATISFACTION SURVEY

DBS continues to monitor customer satisfaction with DBS service through an online survey. The survey results help inform DBS process improvements, letting us know where we need to improve and what we're doing well. In 2020 customer service greatly improved, and for the first time DBS exceeded all customer satisfaction targets.



DEVELOPMENT ACTIVITY

There has been a significant increase in development activity. With the arrival of light rail in Lynnwood's City Center, the pace of new development is likely to continue.

REGIONAL GROWTH CENTER

Lynnwood's Regional Growth Center, as designated by the Puget Sound Regional Council, is located along I-5 between Alderwood Mall and Sound Transit's future City Center light rail station. Lynnwood is preparing for future population growth and development in the Regional Growth Center through land use planning, zoning, and investments in infrastructure improvements. DBS has initiated planning with Sound Transit for the extension of light rail north to Everett.

ALEXAN ALDERWOOD

DBS staff worked closely with developers to complete land use application review of a 383-unit multi-family housing development located at the site of the former Edmonds School District Bus Barn. The developer was on tight timelines due to Covid-19 delays and its contract with the Edmonds School District. Through "over the shoulder" reviews, clear communication, and collaboration, DBS staff was able to deliver land use approval. Site development includes establishing a pedestrian connection from the site to 33rd Ave W.



AVALON ALDERWOOD

DBS has been working closely with Alderwood to continuously improve the property. The current expansion includes Avalon Alderwood; the redevelopment of the former Sears site with a 328-unit, six-story, mixed-use project. The project is under construction with completion anticipated in 2021.





AC HOTEL @ ALDERWOOD

DBS approved land use applications for the development of a six-story 150- room hotel in the parking area northwest of JC Penney.



ALDERWOOD MIXED-USE DEVELOPMENT

The Alderwood Mixed-Use Development project is an 18-story, 349-unit multi-family housing project on Alderwood Mall Parkway across from Alderwood mall. DBS staff has worked with the developer to facilitate land acquisition and site development.

BEECH ROAD

Adjacent to the Alderwood Mixed-Use Development project is the new street alignment for Beech Road. DBS has worked with Public Works and the Developer to design the road to accommodate future development.

LYNNWOOD PLACE – PHASE 2

Wakefield Properties and Home Depot began construction of Lynnwood Place – Phase 2 in 2020. Development of this site contains a mix of uses, including 500 units of multi-family housing, retail shops, restaurants, and a Home Depot. DBS coordinated City approval of the development agreement and facilitated project review and permitting. Completion is anticipated in 2021.

CITY CENTER

Lynnwood's City Center is envisioned to become a vibrant commercial center and appealing place to live, work and play. Land use plans and zoning are in place for 9.1 million square feet of high-density, residential, office, retail and cultural development. DBS is working with other City departments to evaluate the need to update the City Center environmental review and planned action ordinance.

NORTHLINE VILLAGE

Northline Village by Merlone Geier Partners is located directly north of the City Center Light Rail Station. This 18-acre transit-oriented development is represents private investment in City Center of over \$700 million. Northline Village will include:

- 1,370 residential units
- Over 250,000 square feet of retail/entertainment use
- Over 500,000 square feet of office
- Public spaces and parks dedication of over an acre
- Council approved: December 9, 2019



HILTON GARDEN INN

The Hilton Garden Inn opened in June. This 150-room hotel located in close proximity to the Lynnwood Convention Center will support Lynnwood's robust tourism sector.



KINET @ LYNNWOOD

DBS facilitated a development agreement for a multifamily project which started construction in 2020. This project includes 239 residential units with structured parking. DBS facilitated the use of the Multiple Unit Housing Tax Exemption (MFTE) and the Transportation Impact Fee Exemption to facilitate the development.

CIVIC CAMPUS STUDY

DBS has been facilitating conversations about the long-term vision of the Civic Campus and possibly relocating facilities to the City Center. This effort has been undertaken in conjunction with acquisition strategies for Town Square Park.

LYNNWOOD CONVENTION CENTER EXPANSION AND PLAZA

The Public Facilities District has explored the concept of master planning the remaining land including the meeting the future demands of the Lynnwood Convention Center. DBS has supported the PFD with their master planning effort by providing feedback and materials on possible development scenario options.

42ND AVENUE WEST GRANT

DBS collaborated with Public Works to secure a \$3.0 Million grant to acquire right-of-way for the future 42nd Avenue West. This new street will better connect the City-Center Core as a central downtown location.



LYNNWOOD 40TH

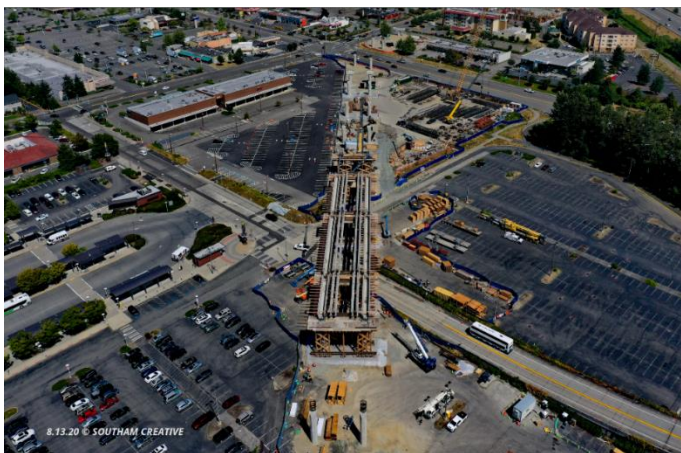
DBS is working with Trent Development on the Lynnwood 40th project. Lynnwood 40th will contain 359 dwelling units with approximately 10,000 square feet of commercial space. This project has submitted for land use review with construction targeted to begin.

COMMUNITY JUSTICE CENTER

DBS is working with the Police Department and their design team on the Community Justice Center project. DBS staff was engaged in facilitating City Center design requirements for the permit approval process. Review of the land use application began in late 2020. This collaborative has helped maintain the project schedule.



SOUND TRANSIT LYNNWOOD LINK LIGHT RAIL EXTENSION (ST2)



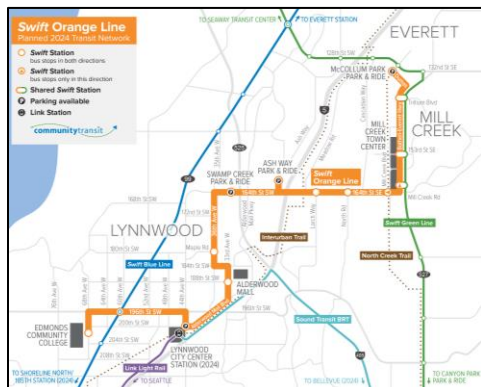
DESIGN & CONSTRUCTION

DBS coordinated the design review and issued permits for main civil package of the project. The Lynnwood Link Extension is now under full development with guideway placement and initial construction of the parking garage. The project will deliver high capacity transit in July 2024 with service to Downtown Seattle in 28 minutes.

During 2020, DBS facilitated design of infrastructure improvements for roadways and infrastructure. This collaborate reduced duplicative facilities which also reduced long term maintenance costs for both agencies.

UPDATE SOUND TRANSIT (ST3)

Collaborate with Sound Transit on the implementation of I-405 BRT scheduled to open 2024. Facilitated coordination of ST2 and ST3 project components with Lynnwood.



COMMUNITY TRANSIT

DBS facilitated an interlocal agreement with Community Transit for station locations and routing of the Swift Orange Line. This agreement enabled early planning and secured budgeting costs for the project. DBS participated in discussions regarding this important transit service and its relationship to local service and Sound Transit Light Rail.

OPPORTUNITY ZONE

The City of Lynnwood received an Opportunity Zone (OZ) designation for the South Lynnwood / City Center area in 2018. The OZ program is intended to spur long term private investment in economically disadvantaged communities by providing a federal tax incentive. The first two opportunity zone projects were initiated in 2020.

URBAN LAND INSTITUTE NATIONAL STUDY

The partnership with ULI brought several experts in real estate, recreation, urban design, and business to the City Center. This national study identified recommendations for development and amenities within the City Center.

LONG-RANGE PLANNING

COMPREHENSIVE PLAN UPDATE

DBS initiated the preparation of Lynnwood Comprehensive Plan Update. The Washington State Growth Management Act (GMA) requires all jurisdictions in Pierce, King and Snohomish County to update their comprehensive plans and development regulation by June 30, 2024. These updates serve to ensure that local government plans and regulations remain consistent with the GMA. DBS has undertaken a variety of policy efforts during 2020 that will contribute to the comprehensive Plan. These efforts include the City Center / Regional Growth Center; South Lynnwood Neighborhood Subarea Plan; and the Housing Action Plan.

SOUTH LYNNWOOD NEIGHBORHOOD SUBAREA PLAN

The South Lynnwood Neighborhood Plan engages the South Lynnwood community to establish a vision; identify projects and policies to stabilize housing for all families; provide opportunities for various land uses; improve access to busses and non-motorized transportation; and be a model for other improvements throughout the City of Lynnwood.

A Co-Design Committee was established to support the creation of the plan. The Co-Design Committee is comprised of residents, social service providers, and business owners in the neighborhood. A total of six meetings were held with the Co-Design Committee in 2020. Through these meetings future neighborhood conditions were established and recommendations were drafted.

This project began in June 2019 and is estimated to be completed summer 2021, resulting in a South Lynnwood Neighborhood Plan for implementation by the City of Lynnwood and community partners.



HOUSING ACTION PLAN

The Housing Action Plan forms Lynnwood's five-year goals and strategies to promote housing options that are safe and affordable for all community members. The plan was created by evaluating the City's ongoing efforts, analyzing Lynnwood's current and future housing needs, and listening to the community. Creation of the Housing Action Plan was supported by a \$100,000 grant from the Department of Commerce.

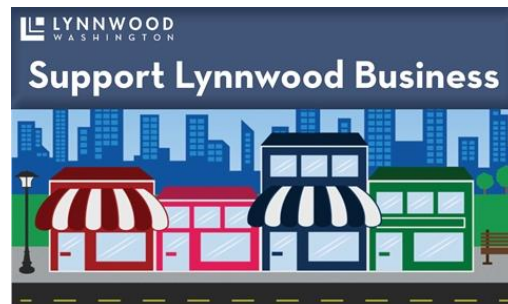


The plan utilized new forms of public engagement including using social media, videos, and online surveys as well as methods such as paper surveys and community conversations. A stakeholder committee comprised of 21 community members was also engaged to guide the goals, strategies and actions of the plan. The plan resulted in the creation of four goals and ten supporting strategies.

Staff anticipates adoption of the Housing Action Plan in spring of 2021.

COVID-19 BUSINESS RESOURCES

DBS distributed information on business assistant programs through the City's website. Listing were provided of businesses that were opened, information on products and services available, and encouragement to support Lynnwood businesses.



SMALL BUSINESS OUTREACH PROGRAM

DBS partnered with the Lynnwood Chamber on a Small Business Outreach Program. The goal of the program was to better understand the needs of Lynnwood's small business community through one on one interviews with business owners and identify how the City and Chamber can support and connect them to resources. With the COVID-19 business closures and restrictions in early 2020, the outreach program shifted to connecting businesses to technical and financial resources available to them.

LYNNWOOD SMALL BUSINESS RELIEF GRANTS

DBS worked with an interdepartmental team to facilitate the Lynnwood Small Business Relief Grant Program. Grant funds were made available through the CARES Act. Eligible businesses had a Lynnwood City business license, 10 or less employees, and experienced at least a 25% reduction in revenue due to COVID-19. Staff reviewed 219 applications and selected 101 Lynnwood businesses to receive a grant of up to \$10,000 to cover business, employee, and COVID-19 related expenses.

WORKING WASHINGTON SMALL BUSINESS EMERGENCY GRANTS (WWSBEG)

DBS partnered with the Economic Alliance Snohomish County to review applications submitted by Lynnwood businesses for funding through the WWSBEG. Staff reviewed over 100 applications. Funding was available to assist 10 Lynnwood businesses. The final recipient list and funding amounts were decided by the Washington State Department of Commerce.

TEMPORARY OUTDOOR DINING

DBS created a program to allow restaurants to create outdoor dining areas during Phase 2 and Phase 3 of the Governor's Safe Start – Stay Healthy plan through a simple registration process.

PARTNERSHIPS

DBS continues to build strong partnerships with other local, regional and state organizations to support Lynnwood's goals for growth and development, business attraction and support, transportation improvements and tourism.

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| • Partner Lynnwood | • Small Business Development Center |
| • Economic Alliance Snohomish County | • Lynnwood Public Facilities District |
| • Lynnwood Chamber | • Snohomish County Lodging Association |
| • Washington Economic Development Association | • Snohomish County Tourism Alliance |
| • Lynnwood Convention Center | • Puget Sound Regional Council |
| • Snohomish County Parks, Recreation and Tourism | |

TOURISM PROMOTION

SALES MISSIONS & TRADE SHOWS

Group tour continues to be an important part of the Lynnwood Tourism work program. Through one-on-one appointments with group tour planners and operators, we promote Lynnwood as a destination for group travel. Lynnwood's proximity to Seattle and affordable hotel rates, make Lynnwood a popular option when visiting the Puget Sound area.

- National Tour Association Travel Exchange – Virtual Appointments and Washington State Sale Mission
- Go West Summit – Virtual Appointments



DVA ADVERTISING + PUBLIC RELATIONS

DBS contracted with DVA Advertising & Public Relations to provide marketing services for Lynnwood Tourism. Services provided by DVA include content creation, organic and paid digital marketing campaigns, and email newsletters.

LYNNWOOD FAMILIARIZATION TOUR

Lynnwood Tourism partnered with the Lynnwood Convention Center to host a series of quarterly Tourism Talk meeting with Lynnwood hoteliers to build stronger partnerships, focus marketing efforts, and attract visitors to Lynnwood. Lynnwood tourism partners hosted a Lynnwood Familiarization Tour for meeting and event planners on February 25, 2020 at the Lynnwood Convention Center and featured a special presentation by Jen Mueller Seahawks sports caster. The event was attended by approximately 30 meeting and event partners and 20 tourism partners.



SNOHOMISH COUNTY LODGING ASSOCIATION

The Snohomish County Lodging Association (SCLA) is a non-profit organization formed to promote the interests of hotels, motels, and tourism related businesses throughout Snohomish County. Tourism Manager Murray was selected to serve as the Secretary on the SCLA Board of Directors.

LAND USE PERMITS PERFORMANCE REPORT

RCW 36.70B.080 requires cities and counties that plan under the Growth Management Act and which have populations over 20,000 to prepare an annual performance report regarding land use permit application review times. The following permit review information is for land use applications subject to the 120-day review limit established by RCW 36.70A.040 received and processed between January 1, 2020 and December 31, 2020.

ABOUT TIME LIMITS

When an application is submitted, the City has 28 days to determine whether the application is complete, or whether all the required submittal information listed on each application has been made available to City staff. Once the application is complete, the application becomes active and processing begins. The City is required to make a final decision on an application within 90 or 120 calendar days of active application processing. Active processing means that review of the application is proceeding normally and has not been put on-hold by a request for additional information.

If staff finds that additional information is needed, the clock for processing the application will stop running. When the additional information is submitted, staff will review it to make sure that it responds fully to the information request. This review is done within 14 calendar days of submission, and staff determines whether the request has been satisfied or additional information is needed. When the request is satisfied, the clock starts running again.

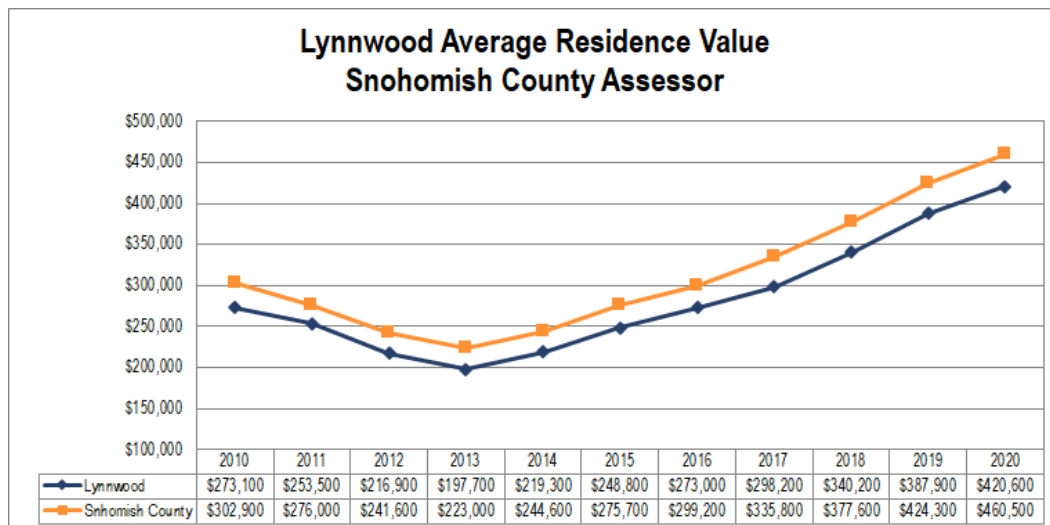
Land use applications which use the 90-day clock include Boundary Line Adjustments and Short Subdivisions; applications which use the 120-day clock include Conditional Use Permits, Project Design Reviews, Subdivisions, and Variances.

Report

1. Number of complete applications received and completed in 2020:	20
2. Number of complete applications received before 2020 and completed in 2020:	3
3. Decisions issued before the established deadline:	21
4. Decisions issued after the established deadline:	2
5. Applications granted an extension of time:	0
6. Applications reviewed in:	
	0-20 days: 3
	21-40 days: 3
	41-60 days: 3
	61-80 days: 5
	81-100 days: 5
	101-120 days: 3
	More than 120 days: 0
7. Mean (average) processing time:	90.75

HOME VALUE

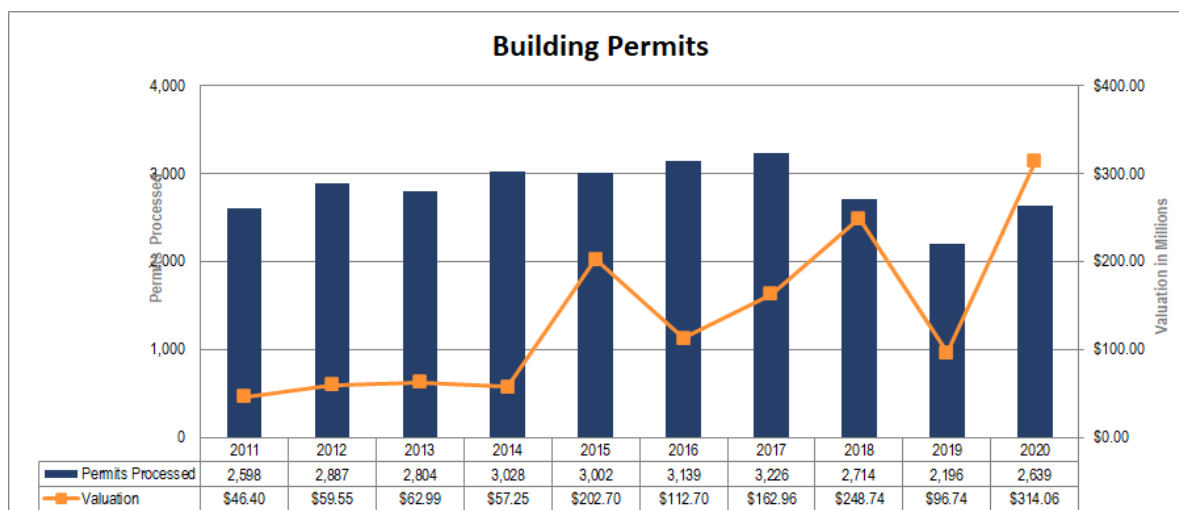
The average home value, according to the Snohomish County Assessor's office, has been steadily increasing since 2013. The average value of a Lynnwood residence increased 8.4% between 2019 and 2020. The average value of a home in Lynnwood in 2020 was \$420,600, \$39,900 below the County average of \$460,500.



Although the price of housing continues to rise in Lynnwood, housing values remain below those elsewhere in Snohomish County.

BUILDING AND DEVELOPMENT ACTIVITY

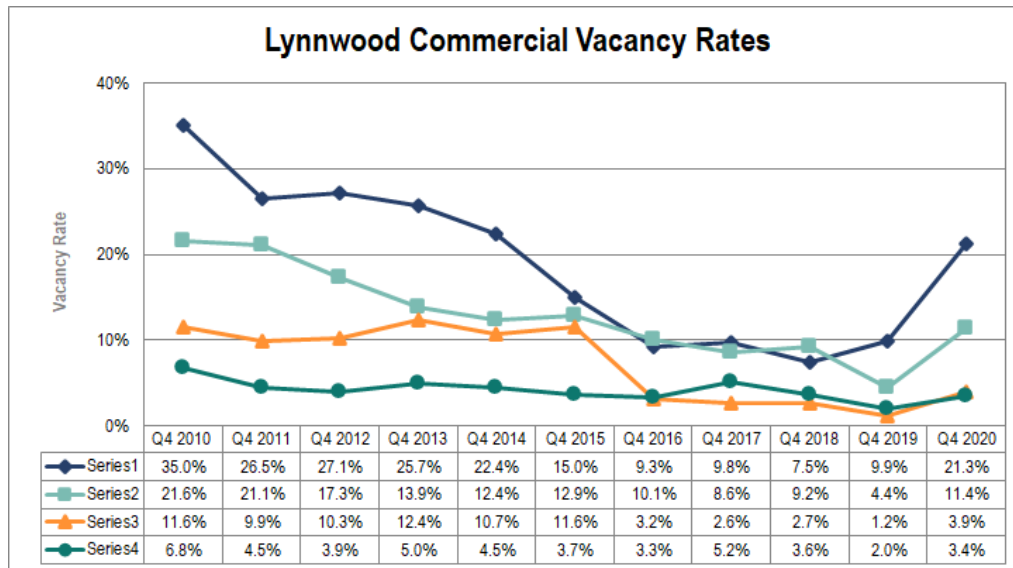
The number of building permits issued in a given year reflect the activities of the development community, future tax revenues and potential jobs. In 2020, 2,639 building permits were issued with a valuation of over \$314 million. This is 225% increase in project valuation and an 20% increase in the number of permits issued compared to 2019. This increase in project valuation reflects the scale and volume of new development happening in Lynnwood's City Center and Regional Growth Center. In 2020, DBS saw an increase in the number of permits applied for by homeowners.



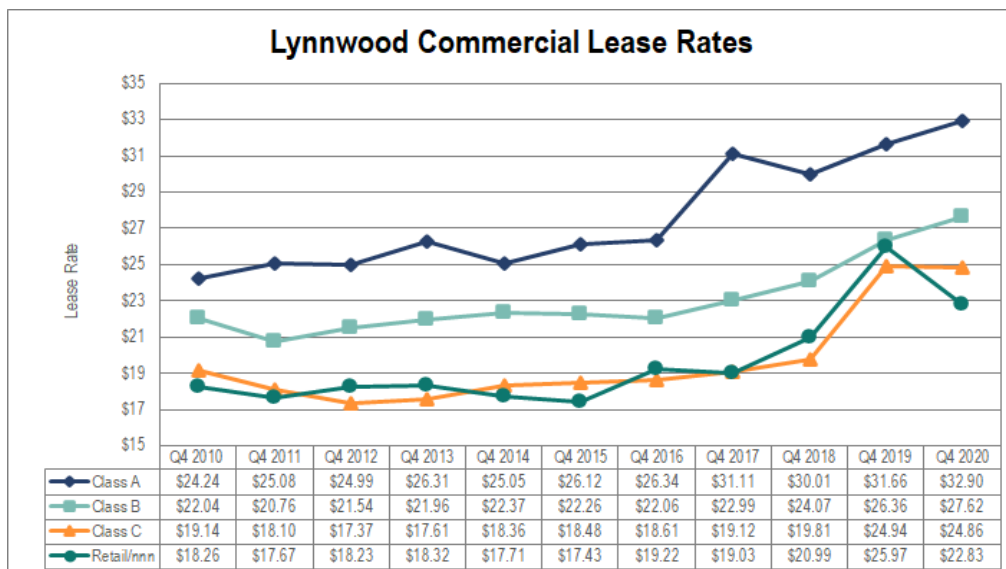
COMMERCIAL VACANCY AND LEASE RATES

Commercial vacancy rates help forecast new development, job growth and the desirability of doing business in Lynnwood. Office building are classified as Class A, B or C, depending on the quality of the structure and available amenities. Vacancy rates in all building types had been trending downward since 2010.

In 2020 Lynnwood saw an increase in vacancy rates in all building types, probably due to COVID-19. The Class A vacancy rates were 21.3% in Q4 2020, up from 9.9% in 2019. Class B vacancy rates were 11.4% in Q4 2020, up from 4.4% in 2019. Class C vacancy rates were 3.9% in Q4 2020, up from 1.2% in 2019. The Q4 2019 vacancy rates were 3.4%, up from 2.0% in 2019.



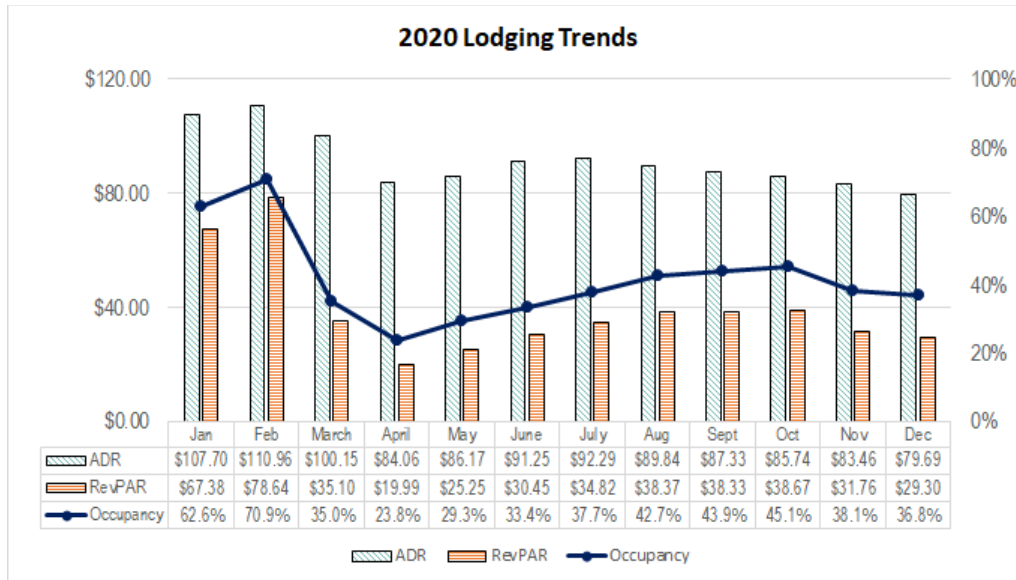
Commercial lease rates in Q4 2020 increased for Class A and B office spaces and decreased for Class C office space and Retail spaces. Class A lease rates were \$32.90 in Q4 2020, 3.9% increase of 2019. Class B lease rates were \$26.36, a 4.8% increase over 2019. Class C lease rates were \$24.86, down 0.3% from 2019. Retail space lease rates for Q4 2020 were \$22.83, down 12.1% from 2019. The decrease in retail lease rates in 2020 may reflect business closures due to COVID-19 and a shift to on-line commerce.



LODGING METRICS

DBS manages the Lynnwood Tourism Program. Tourism benefits the economic vitality of the City through visitor spending on lodging, food, entertainment, shopping and transportation. Tourism creates jobs and a demand for supplies and services.

The chart below details Lynnwood's lodging trends since 2010. Lynnwood's lodging metrics decreased in 2020 due to the COVID-19 pandemic and the related travel restrictions and business closures. The decline beginning in February illustrates this correlation. Annual occupancy rates decreased 42.3%, moving from 73.4% in 2019 to 41.6% in 2020. Average Daily Rate decreased 12.5%, moving from \$118.58 in 2019 to \$91.55 in 2020. Revenue per Available Room (RevPAR) decreased 17.4%, moving from \$88.38 in 2019 to \$39.01 in 2020.



Lodging tax in Washington state is 4%. Two percent is distributed to the County and 2% is distributed to the jurisdiction in which it is collected. In 2020, Lynnwood collected \$768,670 and received a distribution of \$384,335, a decrease of 53% compared to 2019. DBS reduced marketing activity significantly in 2020 to limit spending and maintain financial reserves. These measures enabled the City to continue its payments to the Lynnwood Public Facilities District for construction of the Lynnwood Convention Center.

